



Date: September 9, 1999 Mass Mailer #99-15

To: All School Districts and County Superintendents of Schools

Subject: **ADVISORY OF ACTIONS TAKEN BY THE STATE ALLOCATION BOARD
AND OTHER PERTINENT INFORMATION**

On August 25, 1999, the State Allocation Board (SAB) apportioned \$5.7 million for Lease-Purchase Program (LPP) new construction and modernization projects, \$89.2 million for School Facility Program (SFP) new construction projects and \$.3 million for Deferred Maintenance Program critical hardship projects. The above numbers include requests for financial hardship.

Consent Calendar

The cost indices under the LPP for Class B, Class D, Furniture and Equipment and the Historical Savings Index Furniture/Equipment remain unchanged.

The consent agenda included LPP Phase C (construction) apportionments, bid approvals, and ongoing project cost increases. Districts that received a Phase C apportionment pursuant to the provisions of the LPP are subject to the "one year" Time Limit on Apportionment Policy. For specific information regarding time limits for LPP projects, please contact Don Hartin, Appeals Unit Supervisor, at dhartin@dgs.ca.gov or (916) 445-0529.

The SAB approved 134 applications for eligibility and 17 funding grant applications for new construction projects for the SFP. The SAB also made "unfunded" approvals for 17 modernization projects in the amount of \$6 million. Districts that received a funding approval under the SFP are required to submit the *Fund Release Authorization* (Form SAB 50-05) within 18 months; otherwise, the apportionment will be rescinded. The Form SAB 50-05 is used by the district to certify that the district matching share is available and that the district has entered into a binding contract for at least 50 percent of the construction cost of the buildings in the plans and specifications (P&S). Funds will be released to the district upon receipt of a completed Form SAB 50-05 to the Office of Public School Construction (OPSC). For specific information regarding time limits for SFP projects, please contact Carolyn Harmon, Audits Unit Supervisor, at charmon@dgs.ca.gov or (916) 322-0315.

Class Size Reduction (CSR) Funding

The SAB set aside \$591 million of Proposition 1A funds for CSR purposes. Of these funds, the SAB transferred \$83 million to the California Department of Education (CDE) for apportionment to districts for CSR facilities as provided by Proposition 1A. The CDE anticipates that these funds will be available to the districts in September. For specific information regarding this funding, please contact Fred Yeager, Consultant with the CDE, at (916) 327-7148.

Modernization Funding

The SAB addressed the remaining “grandfathered” modernization projects and considered funding these projects with existing available resources. There were a total of \$160 million in projects ready for funding; however, districts willing to delay funding for their project(s) until July 2000, totaled \$53 million. The SAB approved the placement of these \$53 million in projects on the “unfunded” list with an approval date of May 26, 1999. The remaining projects, which totaled \$107 million, were funded by a transfer of \$90 million from the hardship category to the modernization category. Districts that received an apportionment must submit the *Fund Release Authorization* (Form SAB 50-05) within 18 months or the modernization grant shall be rescinded without further Board action.

Adjustments to Existing School Building Capacity

The SAB considered an amendment to its SFP Regulations to allow the exclusion of permanent classroom space that was included in a construction contract that was signed between August 27, 1998 and November 18, 1998. The SAB approved the exclusion of these classrooms provided the district did not have full eligibility for the classrooms included in the contract under the provisions of the LPP. As a result, the SAB adopted an amendment to Regulation Section 1859.32 as follows:

- (l) any permanent classroom contained in a project for which the construction contract was signed between August 27, 1998 and November 18, 1998 and for which the district did not have full project eligibility under the LPP.

Construction Cost Containment and Alternative Construction

Provisions in Senate Bill (SB) 50 require the SAB to adopt guidelines for use by districts to achieve measurable reductions in the cost of school facilities construction. The OPSC issued a “Request for Qualifications” and has selected Vanir Construction Management, Inc. to develop these guidelines. Part of the development of these guidelines will be made as a result of various workshops to be scheduled in the near future, which will address all aspects of the school construction process.

The OPSC and Vanir Construction Management, Inc. will be sending out invitations to interested parties to participate in these cost containment workshops or to submit suggestions for topics and issues to be included. Should you have questions regarding the cost containment guidelines, please contact Dave Zian at dzain@dgs.ca.gov or (916) 322-5263.

Plans and Specifications

Districts are reminded that they must submit a complete set of the Division of the State Architect (DSA) approved plans for a SFP project grant, even if the project will be constructed using pre-manufactured relocatables. When a project will be constructed using pre-manufactured portables, it is customary for the district to bid the buildings utilizing only specifications and then have the successful awardee (the manufacture) design and obtain DSA approval of the plans.

Under the LPP, districts were allowed to obtain an apportionment based on the specifications for this type of construction; however, under the provisions of the SFP, it is necessary to obtain full DSA approval of those plans before the project will qualify for funding. For

additional information regarding the submittal of P&S, please visit our Web site at <http://www.dgs.ca.gov/opsc>.

Status of Final Regulations

The Office of Administrative Law (OAL) is currently reviewing the final regulations. It is anticipated that the regulations will become effective in September and the new forms will be made available at that time.

Until the final regulations become effective, the SAB will continue to operate under the Emergency Regulations approved by the OAL on December 3, 1998. The following procedures/policies shall apply for the processing and approval of applications during this interim period:

Applications Previously Approved by the SAB

- Any SFP funding application, with the exception of separate site/design approvals, that received an apportionment or an unfunded approval may not be amended after the final regulations become effective.
- Any SFP application for eligibility may be amended after the final regulations become effective to conform to the provisions of the final regulations.

Applications Being Processed by the OPSC/ No SAB Approval

- Districts that submitted requests for eligibility or funding prior to the final regulations becoming effective, may elect to either withdraw the application and resubmit it under the provisions of the final regulations or continue to have the application funded under the original emergency regulations. If the district wishes its application to be approved based on the final regulations, it must request that the application be withdrawn and resubmitted to the OPSC based on the new forms and final regulations, once they become effective. An application withdrawn will not retain its OPSC processing date. Unless the district withdraws the application, the OPSC will continue to process those applications based on the emergency regulations. The OPSC will not **"hold"** a district's application request until the final regulations become effective.
- Eligibility and funding applications submitted to the OPSC after the final regulations become effective must be made based on the new forms and the final regulations.

Should you have questions or need any additional information regarding the contents of this letter, please contact your Project Manager.

Sincerely,

LUISA M. PARK
Interim Executive Officer
Office of Public School Construction

